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## WHAT IS YOUR EDUCATION WORTH?

It is a great honor and pleasure for me to be with you today. I extend hearty congratulations to you, the members of the graduating class, and also to those of you who are parents, husbands, wives, friends, and teachers of the graduates and who are sharing the great satisfaction that comes from a job well done and an aspiration fulfilled.

I plan to speak on a matter that may well be on many of your minds today, namely, what is a university education worth? It has cost a great deal. This cost has been financed partly by students and their families and partly by taxpayers and donors. In one way or another, it has been paid for by all of us. Do the results justify the cost?

Perhaps the best answer to this question comes from that eminent educator, Ann Landers. In one of her columns -- in which she was responding to a prospective student -- she observed: "If you think education is expensive, try ignorance."

There have always been many voices expressing skepticism about the value of a university education, and these same voices are being heard today. The skeptics have some good points. I am not one who thinks that higher education is perfect and could not be improved. There is special need for greater accountability, that is, for serious evaluation of results. The tired cliches about the value of higher education -- so prevalent in college brochures and commencement addresses -- are simply no longer credible.

I became interested enough in the value of higher education that I decided to study the matter in some depth. I tried to address this question: "What do

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the American people -- including the students and society-at-large -- actually get for the vast sums they spend, directly or indirectly on higher education?" I tried to draw upon the actual evidence and to produce a kind of cost-benefit analysis for American higher education. I ended up spending four years on the study and writing a 500-page book.

I found that there is a vast literature on the outcomes of higher education. The studies are fragmentary, scattered, and of uneven quality, but collectively they provide substantial evidence about the impact of higher education on its students and on society.

University education does not produce miracles or perform conversions. Rather its impact comes about through a steady accumulation of many small effects. But the cumulative evidence leaves no doubt that higher education is enormously effective.

As for the students, the effects, of course, are not the same for everyone; each responds to the college experience in his or her own unique way.

On the average, college education yields substantial increases in knowledge and moderate increases in ability to read and write and in mathematical skills. It contributes to intellectual breadth and tolerance in the realm of ideas. It also is conducive to appreciation of the arts. Believe it or not, most students learn a great deal.

College has important effects on the emotional development of its students. On the average, but with wide individual differences, college helps students find their personal identity -- their values and their aspirations -- and it helps them in making lifetime choices not only in careers but also in the selection of friends, spouses, interests, and life style. It has a moderately favorable effect on their psychological well-being.

College makes people less rigid and dogmatic. It encourages their under-



standing and tolerance toward various ethnic and national groups and toward people holding different opinions. It leads to relativism and tolerance in the area of personal morality and to a moderate decrease in conventional religious interest and observance. However, current resurgence of Evangelical Christianity and Far Eastern religious thought, and the boom in enrollments in courses on religion, suggest that college does not suppress religious inquiry and concern. College also appears to narrow the traditional differences in interests and attitudes between men and women. It increases the interests of women in careers, public affairs, sports, etc., and increases the interests of men in the family.

College is popularly valued mainly in terms of its effect on the future earning power of its students. Educators often defend it on the basis of its contribution to future citizenship. College does indeed affect favorably the earnings and the citizenship of its students, but it also contributes to their competence as family members and consumers, and it influences their leisure activities, their health, and their general ability to cope with life's problems.

In the domain of citizenship, college-educated people tend to have a somewhat more liberal outlook than others, they are better informed, much more likely to participate in community affairs and to vote, and more skilled in practical politics. They are less likely to be staunch members of political parties and more likely to be independent.

In the economic sphere, college assists its students by giving them basic skills that are useful in most of life's endeavors -- ability to speak and write, general knowledge, ability to learn, rationality, tolerance orientation toward the future, adaptability, and self-confidence. It helps its students in choosing and finding careers consistent with their talents, interests, and

aspirations. It provides vocational training for a large minority of its students. As it turns out, college-educated people -- especially women -- are more likely than others to be in the labor force. College-educated people work longer hours than others and experience less unemployment. And, of great importance, they are more alert to opportunities, more mobile, and more adaptable. They respond more promptly and appropriately to changing economic conditions.

By far the most dramatic and most important practical impacts of college are in the domain of family life. Higher education, of course, affects the selection of marriage partners. It also tends to delay the age of marriage and probably to reduce the birth rate. But far more important than any of these, it greatly increases the thought, time, energy, and money devoted to the rearing of children, and this shows up in child development among the children of college-educated people as compared with the children of people with less education. The effects of college, in other words, are transmitted down the generations and are thus multiplied perhaps several times.

College education helps people to function more effectively as consumers and investors and thus to get a greater return as they use their incomes.

College education is associated with better health. In fact, the relation between education and health is so strong that some authorities have suggested that greater improvements in public health would be achieved by expanding and deepening education rather than by enlarging the health-care system.

University-educated people cope more effectively with the myriad daily problems of life such as getting credit, enforcing contracts, avoiding fraudulent investments, seeing through misleading advertising, preparing tax returns, getting legal help, petitioning public officials, getting property assessments reviewed, and so on.



I am not suggesting that a university education always produces brilliant, competent, sensible, and moral people. And I am not suggesting that people who have not had the opportunity of higher education are in some sense inferior. Many of them are more learned, have more wisdom, and finer character than many university graduates. I am only saying that on the average, university education helps people develop themselves in a variety of ways.

It would be convenient if one could assign a neat dollar value to the sum of all the benefits of higher education. This is clearly impossible. However, one can make some calculations that may reflect orders of magnitude if not precise figures. For example, it has been shown that the contributions to the growth in national income has been nearly double the cost. Also economists, who often look upon attending university as an investment, have found that when all the costs are considered the rate of return on these investments has over the years exceeded the rate of return from stocks and bonds, savings bank accounts, and other investments. The calculated rates of return have mostly been of the order of 8 to 15 percent which is not bad.

If investments in higher education produce rates of return comparable to those derived from ordinary investments, when the returns include only monetary earnings, then the total returns to higher education including all the non-monetary benefits must be substantially higher than those earned from ordinary investments. In one study the rate of return including all the benefits, was estimated at above 22 percent.

Higher education also has profound impacts upon society. These impacts are partly a byproduct of the education of individuals. The induction into society of millions of educated persons will inevitably modify the social environment. It will influence the prevailing patterns of interests, values,

attitudes, and behaviors. And as educated people take on professional and leadership roles as they are likely to do, the influence may be magnified. The result may be changes in child care, appreciation of the arts, health, voting behavior, civic participation, general willingness to seek and accept change, etc. It is no accident that the campus and its alumni have had an important part in the quest for racial equality, the ending of the Viet Nam war, the women's movement, the eighteen-year-old vote, consumerism, the environmental movement, and the conservation movement.

Important social effects of higher education are also achieved through *research and public service*. The university is headquarters in our society for basic scientific research which produces an exceptionally high return on the investment. Its return -- in the form of increased economic productivity, better health, better working conditions, etc., is sufficient alone to compensate for the expenditures on all academic research and public-service activities.

Higher education is the chief center for research in the social studies. The social studies provide much of the data to monitor the performance of our society, and the findings of social-science research have a multitude of applications to practical decision-making in both public and private affairs.

Colleges and universities also bear the responsibility of preserving the cultural heritage and advancing the civilization. They perform this function through their continuous work in the areas of scholarship, philosophical and religious inquiry, social criticism, public-policy analysis, and cultivation of the fine arts. There is no way of placing a dollar value on the outcomes of these activities -- who can tell the value of preserving and interpreting the literature and artifacts of the past, of discovering and defining the meanings and purposes of human life, of explaining and appraising broad social



trends, of formulating considered recommendations for public policy, and of fostering the fine arts?

Colleges and universities also engage in a great variety of public services which contribute enormously to societal welfare. They provide the public with health care, libraries and museums, dramatic and musical performances, and recreational facilities and programs. They also provide a standby pool of knowledge and expertise to be drawn upon when needed in connection with problems that may arise in government, households, farms, businesses, labor unions, or schools.

You may say, yes, all this may be true but it is all so remote and abstract. What will college do for me? Will I be able to get a job or to follow the kind of career to which I aspire? Like most educators, I believe that getting a job is not the main purpose of a university education. The main purpose is the all-round development of the human personality along with greater competence in many of the affairs of life including citizenship, family life, religion, consumption, aesthetic appreciation, leisure, and health. But competence on the job is also an important purpose of college.

In the first place each of you should realize that as a college graduate you are an exceptional person. Only 15 percent of the adult population -- one person out seven -- is a college graduate. You should know that college-educated people are more likely to be in the labor force than less-educated people, and that for those in the labor force the unemployment rate for college graduates has always been, and is today, less than half that for other people. You should know that the idea that our nation has more college graduates than it can employ is an old idea that crops up periodically. For example, thirty years ago, shortly after World War II, Seymour Harris, a well-known Harvard economist wrote a book predicting widespread unemployment

among college graduates. Instead, the post-war period turned out to be a time of unparalleled opportunity for college-educated people. In considering the immediate situation, one should keep in mind that during the last several years the economy has been depressed and this condition is not necessarily permanent. More important, because of the high post-war birth rate, the number of young people entering the labor market in recent years has been abnormally high. The number of persons 18 to 24 years of age is today 70 percent greater than it was in 1960, 15 years ago. The economy is having to assimilate an exceptional number of new workers. But the birth rate declined in the 1960s and 1970s, the number of young persons entering the labor force is bound to drop sharply in a few years. I am only saying that the conditions of the past several years have been exceptional and that they could well change in the years ahead.

Viewing the matter from the longer run, you should recognize that the basic needs of the nation call for vast numbers of educated people. Think of the agenda before the nation. It includes improving the environment, conserving energy and other natural resources, overcoming urban decay, improving and extending education particularly for the very young and the adult population, improving health, strengthening our cultural life, reducing crime, advancing human equality, and so on. All of these items on the nation's agenda will require literally millions of educated people -- teachers, doctors, lawyers, engineers, scientists, social workers, managers, accountants, and many other professional persons of the very kind who are found in this graduating class.

Finally, you should recognize that there is a continuous mutual adjustment going on between the jobs the economy provides and the kinds of work people are prepared and want to do. The economy does not supply a fixed list



of jobs to which the labor force must adjust. The economy must also adjust the jobs it offers to the kinds of workers that are available. If the workers become more educated, employers must adjust the jobs they provide accordingly. For example, over the years since 1900 the workers engaged in the service industries has increased from 30 percent to 70 percent of the labor force, and the workers engaged in professional, executive, and other high-skill occupations have increased from 10 to 23 percent of the labor force. These adjustments are constantly taking place and they suggest that a young, well-educated person can reasonably hope for a career commensurate with his or her qualifications.

I am not trying to tell you that the job situation is in hand and that you have nothing to worry about. I am saying that the present situation is far from hopeless, that in several respects it is exceptional, and that it could and probably will change. You should also recognize that the great majority of college-educated people switch occupations several times during their careers. The early part of a career should be regarded as a time of testing one's talents and one's interests and gaining experience rather than as a final destiny. Life is never certain and is never secure. But it is a wonderful adventure that is full of new challenges and surprises.